

ANTICIPATED ACQUISITION BY SAFRAN OF A PART OF COLLINS AEROSPACE'S ACTUATION AND FLIGHT CONTROL BUSINESS

Decision on acceptance of undertakings in lieu of reference

ME/7081/23

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INTRODUCTION

1. Safran S.A. (**Safran**) has agreed to acquire part of Collins Aerospace's (**Collins**) (a business unit of RTX Corporation (**RTX**)) actuation and flight control business (the **Target**) from RTX. The CMA refers to this acquisition as the **Merger**. Safran, Collins, RTX and the Target are together referred to as the **Parties** and, for statements referring to the future, the combination of Safran and the Target is referred to as the **Merged Entity**.
2. On 28 March 2025, the Competition and Markets Authority (**CMA**) decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**).
3. On 2 April 2025, Safran offered undertakings in lieu of reference (**UILs**) to the CMA for the purposes of section 73(2) of the Act. On 4 April 2025, the CMA gave notice to the Parties, pursuant to section 73A(2)(b) of the Act, that it considered that there were reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it was considering the Parties' offer (the **UILs Provisional Acceptance Decision**).
4. The text of the SLC Decision and the UILs Provisional Acceptance Decision are available on the CMA webpages.¹

THE UNDERTAKINGS OFFERED

5. As set out in the SLC Decision, the CMA found that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of trimmable horizontal stabilizer actuation (**THSA**) systems globally, including in the UK (the **SLC**).
6. As set out in the UILs Provisional Acceptance Decision, to address the SLC, Safran offered to give UILs to divest parts of Safran's actuation business, consisting of Safran's North American THSA system activities, secondary flight control actuation activities and nose-wheel steering gearbox activities, and related assets located in Mexicali, Mexico, and Irvine, California, as well as Safran's electronic control unit activities and related assets based in Peterborough, Canada (the **Divestment Business**) to a suitable purchaser (the **Proposed Undertakings**).

¹ See [Safran / Collins merger inquiry - GOV.UK](#).

7. Under the Proposed Undertakings, Safran offered to enter into a purchase agreement with a buyer approved by the CMA before the CMA finally accepts the Proposed Undertakings (**Upfront Buyer Condition**). Safran also offered certain transitional service arrangements to the suitable purchaser for a limited period of time to ensure the continuity of operations.
8. On 19 December 2024, Safran and Woodward, Inc. (**Woodward**) entered into a binding agreement for the sale of the Divestment Business to Woodward. This purchase agreement is conditional on the CMA approving Woodward as purchaser of the Divestment Business, in line with the Upfront Buyer Condition.

CONSULTATION

9. On 9 April 2025, pursuant to paragraph 2(1) of Schedule 10 to the Act, the CMA published the UILs, inviting interested parties to give their views on them. The relevant text from the consultation is set out at Annex 1 of this Decision.² For the reasons set out in the consultation, the CMA's preliminary view was that the UILs would resolve the SLC identified in the SLC Decision in a clear-cut manner, ie without giving rise to material doubts about the overall effectiveness of the UILs or concerns about their implementation.³
10. The CMA received no submissions regarding the UILs in response to the public consultation. However, the CMA proactively reached out to a number of THSA customers and competitors. None of these customers or competitors raised concerns in relation to the UILs or the proposed sale of the Divestment Business to Woodward.
11. The CMA's discussions with these third parties focused on: (i) Woodward's ability to sustain and enhance the Divestment Business' competitive capability and, relatedly, remain an attractive supply option for THSA customers (current and future), and (ii) Woodward's plans to move the Divestment Business' manufacturing facilities from Mexico to Poland (including what would be required to execute such a move successfully).
12. Third parties expressed confidence that Woodward would be able to sustain or enhance the Divestment Business' competitive capability in the supply of THSA systems, and that the proposed scope of the Divestment Business was appropriate (ie that it includes all assets necessary to be a viable long-term competitor). Third parties mentioned Woodward's expertise and experience in flight control systems and aircraft component parts more generally to support their

² The full consultation text was published on [Safran / Collins merger inquiry - GOV.UK](#). The final UILs submitted by Safran ensure that the completion of the divestment of the Divestment Business to the Proposed Purchaser shall take place within two months, as opposed to the one-month time period in the Proposed Undertakings. The CMA considers this is an immaterial change.

³ [Merger remedies, \(CMA87\), December 2018](#), Chapter 3, in particular paragraphs 3.27, 3.28 and 3.30.

positive views on Woodward's suitability as the purchaser of the Divestment Business.

13. Third parties described the practices, contingency plans, transitional agreements, knowledge transfers, and pre-existing expertise and experience which would be needed to successfully move manufacturing operations for aircraft component parts (including THSA systems) from one country to another. Based on this evidence, the CMA considers that Woodward's plans are appropriate to successfully transfer the Divestment Business' manufacturing operations from Mexico to Poland. In addition, the CMA considers that Woodward has the necessary experience and expertise to manage this transition. None of the third parties the CMA communicated with expressed any concerns that Woodward may not be able to execute the proposed international move successfully.
14. Accordingly, the CMA continues to view the UILs as acceptable and that Woodward is a suitable purchaser of the Divestment Business.
15. The CMA therefore considers that the UILs offered by Safran are clear-cut and appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and that Woodward is a suitable purchaser of the Divestment Business.

ENFORCEMENT

16. Section 94 of the Act places a duty on any person to whom the undertakings accepted by the CMA relate to comply with them. Any person who suffers loss or damage due to a breach of this duty may bring an action. Section 94 of the Act also provides that the CMA can seek to enforce the undertakings accepted by the CMA by civil proceedings for an injunction or for any other appropriate relief or remedy. Under sections 94AA and 94AB of the Act, the CMA can impose financial penalties in respect of a failure to comply with the undertakings accepted by the CMA without reasonable excuse as set out in Annex 2 and the [Administrative penalties: Statement of Policy on the CMA's approach \(CMA4\)](#).

DECISION

17. For the reasons set out above, the CMA considers that the UILs provided by Safran are as comprehensive a solution as is reasonable and practicable and remedy, mitigate or prevent the SLC identified in the SLC Decision and any adverse effects resulting from it. The CMA has therefore decided to accept the UILs offered by Safran pursuant to section 73 of the Act. The Merger will therefore not be referred for a phase 2 investigation.
18. The UILs, which have been signed by Safran⁴ will come into effect from the date of this decision.

Naomi Burgoyne
Senior Director, Mergers
Competition and Markets Authority
17 June 2025

⁴ The UILs will be published on the CMA case webpage: [Safran / Collins merger inquiry - GOV.UK](#)

ANNEX 1: ANTICIPATED ACQUISITION BY SAFRAN OF A PART OF COLLINS AEROSPACE'S ACTUATION AND FLIGHT CONTROL BUSINESS

INTRODUCTION

1. Safran S.A. (**Safran**) has agreed to acquire part of Collins Aerospace's (**Collins**) (a business unit of RTX Corporation (**RTX**)) actuation and flight control business (the **Target**) from RTX. The CMA refers to this acquisition as the **Merger**. Safran, Collins, RTX and the Target are together referred to as the **Parties** and, for statements referring to the future, the combination of Safran and the Target is referred to as the **Merged Entity**.
2. On 28 March 2025, the Competition and Markets Authority (**CMA**) decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**). The text of the SLC Decision is available on the CMA case page.⁵
3. On 2 April 2025, Safran offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act (the **Proposed Undertakings**).
4. On 4 April 2025, the CMA gave notice to the Parties, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering the Parties' offer (the **UIL Provisional Acceptance Decision**).

THE PROPOSED UNDERTAKINGS

5. As set out in the SLC Decision, the CMA found a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of trimmable horizontal stabilizer actuation (**THSA**) systems globally, including in the UK (the **SLC**).
6. As set out in the UIL Provisional Acceptance Decision, to address the SLC, Safran has offered the Proposed Undertakings, which involve divesting parts of Safran's actuation business and related assets, consisting of Safran's North American THSA activities, some secondary flight control actuation (**SFCA**) activities and nose-wheel steering gearbox activities, and related assets located in Mexicali,

⁵ See [Safran/Collins merger inquiry - GOV.UK](#).

Mexico, and Irvine, California, as well as Safran's electronic control unit (**ECU**) activities and related assets based in Peterborough, Canada (the **Divestment Business**) to Woodward, Inc (**Woodward**) or another suitable purchaser. The Divestment Business is described in more detail in Annex 1. The text of the Proposed Undertakings is available on the CMA case page.⁶

7. Under the Proposed Undertakings, Safran has also offered to enter into a purchase agreement with a buyer approved by the CMA before the CMA makes its final decision as to whether to accept the Proposed Undertakings (**Upfront Buyer Condition**). Safran has also offered to provide certain transitional service arrangements to the suitable purchaser for a limited period of time to ensure the continuity of operations.
8. On 19 December 2024, Safran and Woodward entered into a binding agreement for the sale of the Divestment Business to Woodward. This purchase agreement stipulates that closing is subject to CMA approval of Woodward as purchaser of the Divestment Business, in line with the Upfront Buyer Condition.

CMA ASSESSMENT

9. The CMA currently considers that, subject to responses to the consultation required by Schedule 10 of the Act, the Proposed Undertakings, or a modified version of them, will resolve the SLC identified in the SLC Decision in a clear-cut manner; ie the CMA currently does not have material doubts about the overall effectiveness of the Proposed Undertakings or concerns about their implementation.⁷ The CMA explains below the reasons for its current view.

Effectiveness of the proposed divestment remedy

10. The Divestment Business comprises substantially all of Safran's activities in THSA systems. Under the Proposed Undertakings Safran will retain some small legacy production and aftermarket support activities in electric THSA systems located in France (the **French Legacy THSA Activity**), but the CMA currently considers that the relevance of these operations to competition between Safran and the Target in the supply of THSA systems is limited. In particular, Safran submitted that the French Legacy THSA Activity accounts for a small part (less than [\approx])% of Safran's revenue from its overall THSA system activities. Safran also submitted that the French Legacy THSA Activity was never integrated into Safran's wider THSA system activities which it acquired in 2019 and which is now included in the activities of the Divestment Business.

⁶ See [Safran / Collins merger inquiry - GOV.UK](#).

⁷ Merger remedies guidance ([CMA87](#)), December 2018, paragraph 3.28.

11. Further, the CMA understands from Woodward that Woodward is aware of the French Legacy THSA Activity, and that it considers that: (i) the integration costs would outweigh any potential commercial benefits from acquiring these activities, and (ii) the exclusion of these activities from the divestment package would not affect its ability to compete effectively in the supply of THSA systems globally going forwards.
12. On the information currently available, therefore, the CMA considers that the exclusion of the French Legacy THSA Activity from the Divestment Business does not prevent the sale of the Divestment Business from being capable of resolving the SLC identified.
13. The information currently available to the CMA also suggests that the Divestment Business includes all of the assets necessary for a purchaser to compete effectively on an ongoing basis in the supply of THSA systems globally, including in the UK. The CMA also believes at this stage that the Divestment Business is sufficiently distinct from Safran's retained activities that the separation of the Divestment Business from the wider Safran business will not give rise to material implementation risks.
14. Moreover, although the Divestment Business is drawn from the acquiring business rather than the Target, the CMA does not currently consider such a divestiture gives rise to greater risk in addressing the SLC than a divestment package drawn from the Target.⁸
15. As such, the CMA currently considers that the sale of the Divestment Business to a suitable purchaser may result in the replacement of the competitive constraint provided by the Target that would otherwise be lost following the Merger. The CMA therefore currently considers that the Proposed Undertakings are capable of amounting to a sufficiently clear-cut and effective resolution of the CMA's competition concerns.

Upfront purchaser condition

16. The CMA considers that an Upfront Buyer Condition is necessary because in accordance with its guidance, at phase 1, the CMA will generally require an upfront buyer unless it considers that there are reasonable grounds for not doing so and, in particular, where the risk profile of the remedy does not require it.⁹ In this case, the CMA considers that an upfront buyer is required given that the Divestment Business is being carved out from the wider Safran business and does not include the entirety of Safran's THSA system activities.¹⁰

⁸ [CMA87](#), at paragraph 5.6

⁹ [CMA87](#), paragraph 5.29.

¹⁰ [CMA87](#), paragraphs 5.28–5.32.

17. Further, the CMA considers that the protracted nature of the sales process for the Divestment Business so far suggests that there is a limited pool of suitable purchasers that would (i) be willing to acquire the Divestment Business; and (ii) have the necessary capability to operate the Divestment Business as an effective competitor on an ongoing basis, including for example, obtaining the necessary approvals from key customers to transfer existing supply agreements.
18. As noted above, Safran has identified a purchaser, Woodward, that it submits meets the CMA's purchaser suitability criteria, and with whom it has already signed a purchase agreement in respect of the Divestment Business. This purchase agreement stipulates that completion is conditional on the CMA's approval of Woodward as a purchaser of the Divestment Business.

Suitability of the proposed purchaser

19. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition, and in particular that:
 - (a) The acquisition by the proposed purchaser must remedy, mitigate or prevent the SLC concerned and any adverse effect resulting from it, achieving as comprehensive a solution as is reasonable and practicable;
 - (b) The proposed purchaser should be independent from and have no significant connection to the merger parties that may compromise the purchaser's incentives to compete with the merged entity (eg an equity interest, common significant shareholders, shared directors, reciprocal trading relationships or continuing financial assistance);
 - (c) The purchaser must have sufficient capability, including access to appropriate financial resources, expertise (including managerial, operational and technical capability) and assets to enable the divested business to be an effective competitor in the market. This access should be sufficient to enable the divestiture package to continue to develop as an effective competitor;
 - (d) The CMA will need to satisfy itself that the purchaser has an appropriate business plan and objectives for competing in the relevant market(s), and that the purchaser has the incentive and intention to maintain and operate the divested business as part of a viable and active business in competition with the merged entity and other competitors in the relevant market; and

- (e) Divestiture to the purchaser will not create a realistic prospect of further competition or regulatory concerns.¹¹

Woodward

- 20. Woodward is a NASDAQ-listed global company active in aerospace design, manufacturing and servicing. It is headquartered in Colorado, USA.
- 21. Subject to the responses to this consultation, and having regard in particular to the criteria set out in paragraph 19 above, the CMA currently considers Woodward to be a suitable purchaser of the Divestment Business for the following reasons:
 - (a) The acquisition by Woodward would remedy, mitigate or prevent the SLC concerned and any adverse effect resulting from it, achieving as comprehensive a solution as is reasonable and practicable. This is because the Divestment Business comprises substantially all of Safran's activities in the supply of THSA systems and would allow Woodward to compete effectively as a global supplier of THSA systems;
 - (b) The evidence available to the CMA indicates that Woodward is independent from and does not appear to have any significant connection to Safran or RTX that may compromise its incentives to compete against the Merged Entity if it were to acquire the Divestment Businesses (eg an equity or debt interest, common significant shareholders, or structural links such as shared directors). While there are a number of existing customer-supplier arrangements between Woodward and the Parties, the CMA does not consider these to be sufficiently important to Woodward's business to compromise Woodward's incentives to compete against the Merged Entity. The CMA also notes that commercial relationships in the form of, for example, cross-supply agreements and joint research and development (**R&D**) are common industry practice in the global aerospace markets in which Woodward and the Parties operate;
 - (c) The evidence available to the CMA indicates that Woodward will have sufficient capability, including access to appropriate financial resources, expertise (including managerial, operational and technical capability) and assets needed to maintain and develop the Divestment Business as an effective competitor in the market. Although Woodward is a minor player in the global supply of THSA systems (including aftermarket supply), Woodward is a significant global supplier of other aerospace components. In relation to its financial resources, the available evidence to the CMA suggests that Woodward has a credible plan to finance the acquisition of the Divestment

¹¹ [CMA87](#), Chapter 5, paragraphs 5.20 — 5.27.

Business, and concurrently to invest in developing the competitiveness of the Divestment Business;

- (d) Woodward has presented to the CMA a credible plan to integrate the Divestment Business into its existing operations, which is supported by feedback the CMA has received from a key customer. This plan includes moving the Divestment Business's Mexicali operations to Woodward's existing facilities in Poland. Woodward submits that this site move will be gradual (as the CMA understands is standard for the aerospace industry) and will include a multi-year transitional agreement with Safran. These transitional arrangements will ensure buffer stock is prepared to enable the move, and to allow Woodward's receiving sites to become fully operational without disruption to customers. The relocation will take place in sequenced phases, with specific readiness milestones. Woodward also submits that there are retention agreements in place for key employees. While its stated plan is to retain, rather than substitute, key talent, Woodward has presented to the CMA a credible plan to transfer knowledge from key Divestment Business employees to current Woodward employees. The CMA notes that Safran has previously completed a similar site move for the Divestment Business's THSA system activities during the consolidation of operations following its acquisition of THSA system assets from Rockwell Collins in 2019, which included preparing knowledge transfer materials that will be included in the Divestment Business.¹²
- (e) Woodward's plan for the Divestment Business also references the investments it plans to make in order to sustain the Divestment Business's competitiveness. The evidence available to the CMA also indicates that Woodward's acquisition of the Divestment Business, and continued commitment to the relevant market, is consistent with its overall strategy, and that therefore Woodward has the incentive and intention to maintain and operate the Divestment Business as part of a viable and active business in competition with the Merged Entity and other competitors in the relevant market.
- (f) The evidence available to the CMA indicates that divestiture to Woodward would not create a realistic prospect of further competition or regulatory concerns, as Woodward currently has a de minimis presence in the relevant market (due to its minor THSA system and aftermarket activities), as noted in the SLC Decision.¹³

¹² In addition, Safran will offer knowledge transfers to Woodward employees as necessary, including from key employees at Mexicali who have retention agreements in place for the duration of the transition period.

¹³ See [Safran/Collins merger inquiry - GOV.UK](#), SLC Decision at Table 1.

22. Therefore, subject to responses to this consultation, the CMA currently considers Woodward to be a suitable purchaser of the Divestment Business.

PROPOSED DECISION AND NEXT STEPS

23. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of the Divestment Business by Woodward are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.
24. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Merger for a phase 2 investigation. The text of the Proposed Undertakings is available on the CMA web page.¹⁴
25. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.¹⁵
26. Representations should be made in writing to the CMA and be addressed to:

Darren Gysi
Mergers Group
Competition and Markets Authority
The Cabot, 25 Cabot Square
London
E14 4QZ

Email: darren.gysi@cma.gov.uk and safran.collins@cma.gov.uk
Telephone: 020 3738 6477

Deadline for comments: 24 April 2025

¹⁴ See [Safran/Collins merger inquiry - GOV.UK](#).

¹⁵ Under paragraph 2(4) of Schedule 10 to the Act.

Annex 1: Overview of the Divestment Business

	What is included in the Divestment Business
Legal entity	Safran Electronics & Defense Canada
Headquarters	Peterborough, Ontario, Canada
Sites	Long-term leases to two dedicated facilities based in Peterborough, Canada and one two-year lease in Irvine, California, USA
Assets	Assets for R&D, design and production/assembly located in Peterborough (Canada), Irvine (USA) and Mexicali (Mexico)
Logistics	Logistics services and assets in Peterborough and Mexicali
People	Approximately 180 employees
Key Personnel	A nine-member management team
R&D / engineering	Employees and assets dedicated to R&D functions in Irvine and Peterborough that support the Divestment Business's engineering, design and testing activities
Intellectual property (IP)	<p>(i) All and any IP that is primarily used, or held primarily for use, in the operation of the Divestment Business and owned by Safran (Owned IP), including [X] patents ([X] patents related to THSA and [X] ECU-related patent) and know-how, and</p> <p>(ii) All IP that is exclusively used, or held exclusively for use, in the operation of the Divestment Business other than the Owned IP.</p> <p>Safran and Woodward will enter into a licence agreement which will ensure that Woodward has access to all and any IP owned by Safran (other than brands and Transferring IP) that is used to operate the Divestment Business, if needed</p>
Contracts	All customer and supplier contracts related to the Divestment Business
TSAs and Supply Agreement	<p>(i) Safran and Woodward will enter into TSAs for standard temporary services by Safran to Woodward in relation to IT, IP, back office, technical and other support functions, which are currently envisaged to have a duration of approximately [X] from completion of the divestment transaction for ECU activities and multi-year (up to [X] years) for the actuation activities (including THSA and SFCA), and</p> <p>(ii) Safran and Woodward will enter into a supply agreement regarding original equipment production services as well as repair activities and spare production capability by Safran to Woodward during a multi-year transitional period (of up to [X] years) from completion of the Divestment Business, subject to the integration plans of Woodward.</p>

ANNEX 2

ENFORCEMENT OF UNDERTAKINGS GIVEN UNDER SECTION 73 – IMPOSITION OF CIVIL PENALTIES

Imposition of civil penalties

1. Under section 94AA(1), the CMA may impose a penalty on a person—
 - (a) from whom the CMA has accepted an enforcement undertaking, or
 - (b) to whom an enforcement order is addressed,where the CMA considers that the person has, without reasonable excuse, failed to comply with the undertaking or order.
2. In deciding whether and, if so, how to proceed under section 94AA(1) the CMA must have regard to the statement of policy which was most recently published under section 94B at the time of the failure to comply.

Amount of penalty

3. A penalty under section 94AA(1) is to be such amount as the CMA considers appropriate.
4. The amount must be—
 - (a) a fixed amount,
 - (b) an amount calculated by reference to a daily rate, or
 - (c) a combination of a fixed amount and an amount calculated by reference to a daily rate.
5. A penalty imposed under section 94AA(1) on a person who does not own or control an enterprise must not—
 - (a) in the case of a fixed amount, exceed £30,000;
 - (b) in the case of an amount calculated by reference to a daily rate, exceed £15,000 per day;
 - (c) in the case of a fixed amount and an amount calculated by reference to a daily rate, exceed such fixed amount and such amount per day.
6. A penalty imposed under section 94AA(1) on any other person must not—

- (a) in the case of a fixed amount, exceed 5% of the total value of the turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom it is imposed;
- (b) in the case of an amount calculated by reference to a daily rate, for each day exceed 5% of the total value of the daily turnover (both in and outside the United Kingdom) of the enterprises owned or controlled by the person on whom it is imposed;
- (c) in the case of a fixed amount and an amount calculated by reference to a daily rate, exceed such fixed amount and such amount per day.

7. In imposing a penalty by reference to a daily rate—

- (a) no account is to be taken of any days before the service on the person concerned of the provisional penalty notice under section 112(A1), and
- (b) unless the CMA determines an earlier date (whether before or after the penalty is imposed), the amount payable ceases to accumulate at the beginning of the day on which the person complies with the enforcement undertaking or enforcement order.